

**July 24, 2006**

# **Montana Medicaid Notice**

## **Durable Medical Equipment Providers**

---

### **Capped Rental**

This bulletin replaces the Rental/Purchase section in the manual on Page 2.4. It is a reminder that the Administrative Rule of Montana (ARM) 37.86.1806 (3) and (4) effective March 31, 2000 takes precedent over the manual.

Medicaid reimbursement for items provided on a rental basis is limited as follows:

Total Medicaid rental reimbursement for items listed in Medicare's capped rental program or classified by Medicare as routine and inexpensive rental will be limited to 120% of the purchase price for that item. Monthly rentals fees will be limited to 10% of the purchase price and payments will be limited to 12 months.

For purposes of this limit, the purchase price is the purchase fee specified in the department's fee schedule established under ARM 37.86.1807.

Interruptions in the rental period of less than 60 days will not result in the start of a new 12 month period or new 120% of purchase price limit, but periods in which service is interrupted will not count toward the 12 month limit.

A change in supplier during the 12 month period will not result in the start of a new 12 month period or new 120% of purchase price limit. Providers are responsible to investigate whether another supplier has been providing the item to the recipient and Medicaid will not notify suppliers of this information. The provider may rely upon a separate written statement of the recipient that another supplier has not been providing the item, unless the provider has knowledge of other facts or information indicating that another supplier has been providing the item. The supplier providing the item in the twelfth month of the rental period is responsible to transfer ownership to the recipient.

If rental equipment is changed to different but similar equipment, the change will not result in the start of a new 12 month period or new 120% of purchase price limit, unless:

- the change in equipment is medically necessary as a result of a substantial change in the recipient's medical condition;
- a new certification of medical necessity for the new equipment is completed and signed by a physician; and
- the Medicaid services bureau prior authorizes the change in equipment.

During the 12-month rental period, Medicaid rental reimbursement includes all supplies, maintenance, repair, components, adjustments and services related to the item during the rental month. No additional amounts related to the item may be billed or reimbursed for the item during the 12 month period. The supplier providing the rental equipment during the rental period is responsible for all maintenance and serving of the equipment.

After 12 months rental, the recipient will be deemed to own the item and the provider must transfer ownership of the item to the recipient. After the 12 month rental period, the provider may bill separately for supplies, maintenance, repair, components, adjustments and services related to the item, subject to the requirements of these rules, except that repair charges are not reimbursable during the manufacturer's warranty period.

All rentals will be paid on a monthly basis, except air fluidized beds which will be reimbursed at a daily rate.

Medicaid will pay an entire monthly rental fee for the initial month of rental even if less than a full month. When a rental extends into a second or subsequent month, Medicaid will pay a rental fee for a partial month only if the partial month period is at least 15 days.

Items classified by Medicare as needing frequent and substantial servicing will be reimbursed by Medicaid on a monthly rental basis only. The 120% cap specified in (3)(a) does not apply and rental reimbursement may continue as long as the item is medically necessary.

If the purchase of a rental item is cost effective, the department may negotiate with the provider to purchase the item.

If no purchase fee has been set for a purchase item but a monthly rental fee has been set, Medicaid reimbursement for purchased items shall be limited to 10 times the monthly rental fee established in accordance with ARM 37.86.1807.

## **Contact Information**

For Medicare criteria, visit the CMS website: <http://www.cignamedicare.com/dmerc/>.

For claims questions or additional information, contact Fran O'Hara, DME Program Officer, at (406) 444-5296 or Provider Relations:

**Provider Relations toll-free in- and out-of-state: 1-800-624-3958**

**Helena: (406) 442-1837**

Visit the Provider Information website:

**<http://www.mtmedicaid.org>**